

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105**

RH04035204

June 23, 2005

**INITIAL STATEMENT OF REASONS
Electronic Application Submission Interface**

PURPOSE OF THE REGULATION

Pursuant to California Insurance Code Section 11620 California Insurance Commissioner John Garamendi will hold a public hearing regarding the recommendation of the California Automobile Assigned Risk Plan ("CAARP" or "Plan") to amend the Plan of Operations to introduce the Electronic Application Submission Interface (EASi) application for commercial coverage.

NECESSITY OF REGULATION

EASi will offer immediate coverage and provide electronic transmittal of a commercial application to the Plan Office. In addition, operating procedures for the establishment of a future effective date, the retraction of an EASi reference number, the forwarding of the completed original commercial application to the Plan, and the handling of the violations of EASi procedures are provided.

CAARP's Advisory Committee has recommended to the Commissioner that producers that are certified by the Plan be allowed to submit applications on line. Coverage shall be effective at the date and time of transmission of the electronic application provided all the requirements are met. This will allow insureds in of need immediate coverage to receive the required coverage. Also the on line application will be able to recognize any information that in the past would make the application incomplete thus delaying coverage. Accordingly, CAARP has now filed an application in which it is proposing a change that will allow the on line applications. Further details appear in the application on file with the Commissioner and available for review. This proposed amended mirrors that same amendment that was approved for CAARPs private passenger coverage.

IDENTIFICATION OF STUDIES

The application relies upon the expertise of CAARP's Advisory Committee. Other than the application and accompanying explanatory memorandum and exhibits, however, no studies have been submitted for this proceeding.

SPECIFIC ACTIONS, PROCEDURES, TECHNOLOGIES OR EQUIPMENT

Adoption of the proposed changes would not mandate the use of specific technologies or equipment.

REASONABLE ALTERNATIVES

The Commissioner invites public comments on the proposed changes and reasonable alternatives which would be as effective to carry out the proposed changes.

ECONOMIC IMPACT ON BUSINESS

The Commissioner has initially determined that the proposed changes will not have a significant adverse economic impact on businesses. The Commissioner invites interested parties to comment on whether the proposed changes will have a significant adverse economic impact on business.